

HOUSE RESEARCH

Bill Summary

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Version: As introduced

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Subject: Income tax subtraction for military retirement pay

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Overview

Allows an income tax subtraction for military retirement pay, beginning in tax year 2015.

Section

1 **Income tax subtraction; military retirement pay.** Allows an income tax subtraction for the full amount of military retirement pay. The subtraction would apply to retirement pay for service in the active component of the military (U.S. Code Title 10, sections 1401 to 1414), for retirement pay for service in the reserve component (U.S. Code Title 10, section 12733), and for survivor benefit plan payments (U.S. Code Title 10, sections 1447 to 1455).

Effective date: tax year 2015.

2 **Alternative minimum taxable income.** Provides for military retirement pay allowed as a subtraction in section 1 to also be subtracted from alternative minimum taxable income. This is necessary to avoid shifting individuals who claim the subtraction in section 1 onto the alternative minimum tax.

Effective date: tax year 2015.